DON Purchase Card Certification Course
Lesson 1, Part I

Introduction

Agency Program Coordinator Course

1   November 2005

This is a Department of the Navy Purchase Card Certification Course.   Please click the forward arrow to begin your training.

DON Purchase Card Certification Course

Lesson 1, Part I Learning Objectives

Upon successful completion of this lesson, you will be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities (Part I)

- Explain the organization and the purpose of the Purchase Card *Hierarchy System* (Part II)

- List the major steps to *Establishing a Purchase Card Program* (Part II)

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November 2005

This first lesson is an overview of the Purchase Card Program. It will introduce you to the roles and functions of the major players in the program.

Before you start this lesson, read over the training objectives listed here. The first objective is covered in this part of lesson 1 where as objectives 2 & 3 are discussed in part 2. Upon completion of this course, you will be tested on these objectives and the objectives of the other lessons. When you finish reading these objectives, click the forward arrow to continue.

Program Overview

We will discuss:

- Major Players

- Hierarchy System

- Establishing a Purchase Card Program

3   November 2005

In this first part of the overview, we will discuss the major players and their main functions within the program.   We'll also discuss how an activity establishes a Purchase Card Program.   In part 2 of this lesson we'll discuss one of the main underlining program concepts, namely, the program hierarchy structure.

Click the forward arrow now to continue.

Major Players

- Program Manager

- Head of Activity (HA)

- Agency Program
  Coordinator (APC)

- Approving Official (AO)

- Cardholder (CH)

- MasterCard

- Citibank

4   November 2005

The success of the DON Purchase Card Program depends on the individuals who actively participate in its operation.

The key players in the program include the Program Manager, the Head of Activity, the Agency Program Coordinator, the Approving Official, the Cardholder, MasterCard, and Citibank. Let's briefly discuss each of these Purchase Card Program roles. Click the forward arrow to continue.

Program Manager

The Program Manager for the Department of the Navy Purchase Card Program is the DON Consolidated Card Program Management Division.

Program Management Office responsibilities include:

- Issuing the Purchase Card Program instruction, policy and training products
- Overseeing daily operations
- Coordinating, hosting, and participating in annual APC Purchase Card Conferences

5

November 2005

The Consolidated Cards Program Management Division of NAVSUP is the Department of the Navy's Purchase Card Program Program Manager. This group issues the Purchase Card Program instruction, policy announcements, and training products. They oversee the daily operations of the Purchase Card Program. They also coordinate, host, and participate in annual APC purchase card conferences.

Please click the forward arrow

Head of Activity

- The Head of Activity is the activity's commanding officer or high level senior management official.

- The HA is responsible for overseeing an activity's local Purchase Card Program.

6   November 2005

The Head of Activity, HA, is usually the activity's commanding officer or high-level senior management official. The HA is responsible for overseeing an activity's local Purchase Card Program.   One of the HA's main responsibilities is the selection and delegation of an APC to manage the local program.

Click the forward arrow now to review the role played by the Agency Program Coordinator.

Agency Program Coordinator

- The Agency Program Coordinator is the local activity's Purchase Card Program Manager.

- APCs are the local program managers of their activity's Purchase Card Program.

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November 2005

The Agency Program Coordinator, or APC, is the local activity's Purchase Card Program manager.   APCs are assigned to one of three hierarchal levels. These levels are at the major component level, the region or the local activity.   APCs, regardless of the hierarchy level, are the managers of their agency's Purchase Card Program and the main liaison into the DON Consolidated Card Program Management Division.

Please click the forward arrow to continue.

Approving Official

The Approving Official is _usually_ the Cardholder's supervisor.

The AO is responsible for …...

- Monthly reviews
- Approval and certification of Cardholders' Purchase Card transaction statements

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November 2005

The Approving Official, AO, is usually the Cardholder's supervisor and is responsible for the monthly review, approval, and certification of Cardholders' Purchase Card bank statements.   It is the AO responsibility to certify the monthly bank statement for payment.

Click the forward arrow to continue.

Cardholder

The Cardholder …

- Makes and Records Purchase Card Purchases,

- Follows Through With Receipt of Goods and Services,

- Reviews and Reconciles the Monthly Bank Statements

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November 2005

The Cardholder is the person who makes and records the Purchase Card transactions, then follows through with receipt of the goods and services. The Cardholders are responsible for reviewing and reconciling their monthly bank statement before their AO certifies it for payment .

Please click the forward arrow now to continue.

MasterCard

MasterCard receives *payment requests* from banks of merchants from whom Cardholders purchase goods and services and then forwards the payment requests to Citibank.

| | Products & Services → | |
| The Merchant | | DON End Users |

$ ⇧

| Merchant Banks | ⇦ | MasterCard | ⇦ | Citibank | ⇦ | Dept. of the Navy |
| | $ | | $ | | $ | |

10

November 2005

MasterCard is the credit card company that grants Citibank permission to issue charge cards to the Department of the Navy's Purchase Card Program.   This chart shows the cash flow in the system as the result of a Purchase Card transaction.

The merchant processes the transaction through MasterCard; funds are transferred into the Merchant's bank account.   MasterCard then recoups these funds from Citibank.   Citibank generates monthly invoices for each DON Purchase Card Program Cardholder and ultimately recoups it's funds from the Department of the Navy.

Click the forward arrow to continue.

Citibank

_____

- Citibank is the DON contractor who creates the Purchase Card Program invoices and forwards them to DON for reimbursement.

- The Purchase Card Program *Cardholders* and *Approving Officials***:**
  - receive, review, reconcile, approve and submit

  the monthly invoices for payment to Citibank from the US Treasury.

11   November 2005

Citibank is the Department of the Navy's Purchase Card Program contractor bank. Citibank creates and supports the charge card accounts used by the DON Purchase Card Program. Citibank generates the monthly statements and forwards them to the Department of the Navy for reimbursement.

The Purchase Card Program Cardholders and Approving Officials receive, review, reconcile and approve the monthly bank statements. The certified statements are then submitted to the US Treasury for payment to Citibank.

This completes our overview of the roles and responsibilities of the major players in the program. Our next topic of discussion is the concept of hierarchies within the program. This bank system hierarchy is the main topic covered in Part II of this lesson.

Click the forward arrow now to review this lesson's objectives.

DON Purchase Card Certification Course

Review of Objectives

You should now be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities (REVIEW)

- Explain the organization and the purpose of the Purchase Card *Hierarchy System*   (Part II)

- List the major steps to *Establishing a Purchase Card Program*   (Part II)

12   November 2005

This concludes Part I of Lesson 1.   Take a minute to review this lesson's objectives.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to continue.

DON Purchase Card Certification Course
Lesson 1, Part I

Introduction

Agency Program Coordinator Course

13   November 2005

This concludes Part I of Lesson 1.   Click on the "HOME' button icon in the navigation toolbar to close this lesson and return to the main menu.   At the Main Menu, click on Lesson 1, Part II to continue your training.

DON Purchase Card Certification Course
Lesson 1, Part II

Introduction

Agency Program Coordinator Course

14   November 2005

This is lesson 1, part 2 of the Department of the Navy Purchase Card Program Certification Course.   Please click the forward arrow to review this lesson's objectives.

DON Purchase Card Certification Course

Lesson 1, Part II, Learning Objectives

Upon successful completion of this lesson, you will be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities

- Explain the organization and the purpose of the Purchase Card *Hierarchy System*

- List the major steps to *Establishing a Purchase Card Program*

15   November 2005

In this part of lesson 1 we will discuss the Citibank Hierarchy Structure and the steps required to establish a Purchase Card Program, the second and third training objectives listed here. The first objective was covered in part 1of this lesson.

Before proceeding, read over these objectives.   When you finish this course, you will be tested on these objectives and the objectives of the other lessons.   When you are confident that you understand these objectives, click the forward arrow to continue.

Citibank Hierarchy System

In order for Citibank to track its Government Purchase Card account transactions, they use:

- a *hierarchal* system

- consisting of *seven (7) levels*

- based on federal government *Unit Identification Codes* (UIC).

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November 2005

Citibank uses a hierarchal system consisting of 7 levels to track its government Purchase Card account transactions.   The levels are based on the federal government unit identification codes, or UICs.

Please click the forward arrow to continue.

Hierarchy System

The hierarchy system includes:

- **Level 1** – Department of Defense (UIC:01700)

- **Level 2** – Department of the Navy (UIC:00017)

- **Level 3** – Navy major Components and Marine Corps Headquarters

- **Level 4** – APC

- **Level 5** – APC

- **Level 6** – AO

- **Level 7** – Cardholder (e.g. 999999999999999)

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November 2005

At the top of the bank's hierarchy is the Department of Defense at level 1.   DoD's UIC is 01700.

Level 2 is the Department of the Navy with a UIC of 00017.

The DON Major Components are Level 3.

Levels 4 and 5 are Department of the Navy activities which fall under their respective major components. Each major component has a Level 3 APC and most have at least one Level 4 APC. Every major component also has at least one Level 5 APC. There is at least one Approving Official for each Level 5 APC.

There is a UIC for each level, with the exception of the Cardholders at Level 7.

Cardholders are identified via their 16-digit Purchase Card account numbers.

Please click the forward arrow to continue.

Complete Hierarchy Codes

01700 00017 00023 00020 00025 99528 9999999999999999

Here is an example of a
Cardholder's complete
hierarchy number, which
includes Levels 1 through 7.
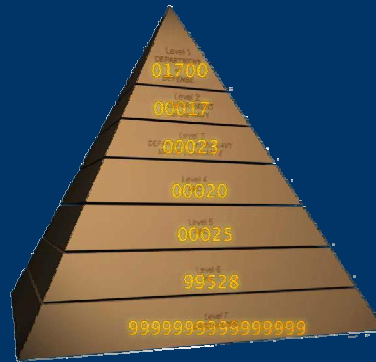
18

November 2005

To help you better understand the hierarchy system, here's an example of a Cardholder's entire hierarchy number, which includes Levels 1 - 7.

The first and second sets of numbers, 01700 and 00017, represent the DoD and the Department of the Navy.
The third set, 00023, is the Level 3 APC for NAVSUP.
The Level 4 APC is represented by the fourth set of numbers, 00020, and the fifth set, 00025 is the Level 5 APCs.
The sixth set of numbers, 99528, is the Level 6 AO.
And, finally the seventh number set, the 16-digit number, is the Cardholder at Level 7.

A string of numbers like this uniquely identifies each CitiDirect account and clearly establishes ownership for all purchases made with that charge card.

Now let's look at how these levels and structure relate to each other.   Click the forward arrow to continue.

Hierarchy System

DON Purchase Card Program hierarchies distinguish chains of command.

- Cardholder report to AOs
- AOs report to Level 5 APCs
- Level 5 APCs report to Level 4 APCs (when existing)
- Level 4 APCs report to Level 3 APCs
- Level 3 APCs report to DON
- DON reports to DOD

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November 2005

Hierarchies within the Purchase Card Program may be interpreted as chains of command.   For instance, Cardholders report to their AOs, who report to their Level 5 APCs, who can report to a Level 4 APCs and Level 4 APCs report to their Level 3 APCs.

A small command might not have a Level 4 APC. In this case, the Level 5 APCs would report directly to their Level 3 APC. Now that we've discussed the major players and hierarchies, let's take a look at how an activity establishes a Purchase Card Program.   Realize that most activities already have programs in place, so this discuss is meant to provide a historical prospective.

Click the forward arrow now.

Establishing a PC Program

The Head of Activity (HA):

- Determines the need for a local Purchase Card Program

- Requests authority to establish a local Purchase Card Program from the Head of Contracting Activity (HCA)

- Selects the APC

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November 2005

The next three slides explain the process used to establish a Purchase Card Program.

First, the Head of Activity determines the need for a local Purchase Card Program, in order to support the organization's mission. This determination is based upon historical data, current mission requirements, and DoD regulations as to how purchases under the micro-purchase limit are to be made.

Next, the HA requests authority to establish a local Purchase Card Program from the Head of Contracting Activity, or HCA. If the HCA approves the HA's request, it provides the activity with written authorization to establish a Purchase Card Program.

Finally, the Head of Activity selects an APC to manage the local program. Click the forward arrow to continue.

Establishing a PC Program

Before an APC is appointed by the HA, the candidate must:

- Successfully complete DOD/DON Purchase Card Training

- Establish a hierarchy number with Citibank

- Create Internal Operating procedures (IOP) based on the DON CCPMDINST 4200.1B guidelines

21   November 2005

Before an APC is appointed by the HA, the candidate must successfully complete the mandated Department of Defense and Department of the Navy Purchase Card Training.

Following official written appointment, the APC can set up the activity's hierarchy structure with Citibank. After the hierarchy structure is established, the APC must create an Internal Operating Procedures for the Purchase Card Program.   The IOP is based on the Consolidated Cards Program Management Division's Purchase Card Instruction and Purchase Card Program Desk Guides. The IOP must meet or exceed the rules and guidelines specified in these documents.

Click the forward arrow to continue.

Establishing a PC Program

The HA and APC:

- Delegate AOs and Cardholders upon successful completion their DOD/DON Purchase Card Training

- Perform AO and Cardholder account setups after written approval

22   November 2005

Delegation of the Approving Officials and Cardholders is the last major step in the setup process.   The HA and/or APC must select individuals to fill these positions. They can be delegated to their Purchase Card Program responsibilities only after successful completion of the mandated training.

After written delegation and completion of training, the APC can setup the AO and Cardholder accounts.   This concludes our discussion of the basic process for establishing a Purchase Card program.

Please click the forward arrow to continue.

Mid-Lesson Summary

Now that you are familiar with:

- the *major players* of a DON Purchase Card Program
- its *hierarchy levels*
- their *interrelationships*, and
- Program *establishment* ……

let's continue with the overall purpose of the Program.

23   November 2005

Now that you are familiar with the major players in the Purchase Card Program, its hierarchy structure, their interrelationships and how a program is established within a command, let's look at the overall purpose of the Purchase Card Program.

Click the forward arrow to continue.

PC Program Background

- **The need for the Purchase Card Program began with *Executive Order 12352, "Procurement Reform",* issued in 1982.**

- **DON issued a tailored *Task Order, DON-9700-003,* to Citibank on July 6, 1998 to provide these worldwide purchase card services.**

24   November 2005

The need for the Purchase Card Program was identified in Executive Order 12352, Procurement Reform, issued in 1982.   The Department of the Navy selected Citibank as its contractor and issued a tailored task order on July 6, 1998, for Citibank to provide worldwide Purchase Card services.

Please click the forward arrow now.

PC Program Purpose

- The Purchase Card Program is intended to:
    - streamline small purchase methods,
    - minimize paperwork, and
    - streamline payment processes.

- It was developed to provide a *fast and convenient* method to pay for all requirements under the ***micro-purchase threshold*** of $2,500.

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November 2005

The Purchase Card Program is intended to simplify small purchase methods, minimize paperwork and streamline the payment process. It was developed to provide a fast and convenient method to pay for all requirements under the micro-purchase threshold which is $2,500.

The Program is intended to provide Department of the Navy civilian and military employees a convenient and commercially available payment method to make necessary acquisitions.

Click the forward arrow to continue.

Purchase Card Use

- The Purchase Card is used to purchase *supplies and services* for official government business valued at or below the micro-purchase threshold **($2,500).**

- It may be used as a *method of payment* in conjunction with other contracting methods above the micro-purchase threshold up to **$9,999,900.**

26   November 2005

DoD and DON policy both state that the Purchase Card shall be used to purchase supplies and services for official government business valued at or below the micro-purchase threshold which is $2,500.

In addition, it may be used as a method of payment in conjunction with other contracting methods for acquisition above the micro-purchase threshold up to $9,999,900, depending on the type of contracting vehicle utilized.

This concludes lesson 1 of the Purchase Card Certification course. Click the forward arrow now to review this lessons objectives.

DON Purchase Card Certification Course

Review of Objectives

You should now be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities

- Explain the organization and the purpose of the Purchase Card *Hierarchy System* (REVIEW)

- List the major steps to *Establishing a Purchase Card Program* (REVIEW)

27

November 2005

Take a minute to review this lesson's objectives.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to proceed.

DON Purchase Card Certification Course
Lesson 1, Part II

Introduction

Agency Program Coordinator Course

28   November 2005

This concludes lesson 1.   Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the main menu, click on lesson 2 to continue your training.

DON Purchase Card Certification Course
Lesson 2, Part I

APC Responsibilities
and
Authority

Agency Program Coordinator Course

1

November 2005

The first lesson introduced you to the Purchase Card Program, with a brief background and history.   This lesson covers topics related to the overall Program responsibilities of the APC. Please click the forward arrow now to review this lesson's objectives.

DON Purchase Card Certification Course

Lesson 2, Part I Learning Objectives

Upon successful completion of this lesson, you will be able to:

- State the delegated authority for overall program implementation and management

- Identify the major responsibilities of a Purchase Card Program APC

- State the 10 major program areas requiring guidance in the IOP

- State the IOP's 10 sections

2

November 2005

APCs must have a detailed understanding of their program responsibilities. This lesson will guide you through the procedures and requirements of the position. The first topic discusses APC authority and responsibilities to manage the Program.   Read the training objectives listed here and when you're ready to continue, click the forward arrow.

APC Authority

- The Agency Program Coordinator, or APC, is the *primary focal point* for an activity's Purchase Card Program.

- The APC is delegated the authority to *implement and manage* the overall program.

3

November 2005

The Agency Program Coordinator is the primary focal point for an activity's Purchase Card Program and has the authority to implement and manage the overall Program. The APC is responsible for 6 major program elements. Let's continue and take a look at the first 3 of these responsibilities. Please click the forward arrow now.

APC Responsibilities

————————

The APC is responsible for the following program elements:

- Ensure local program execution in accordance with DOD/DON policies & procedures

- Ensure program personnel are properly appointed, trained an capable of assigned duties

- Ensure account profiles are appropriate for local mission

4

November 2005

The APC is responsible for ensuring the Purchase Card Program is managed in accordance with DoD and Department of the Navy policies and procedures. In addition, the APC must ensure that the personnel within the program are properly appointed, trained and capable of performing their respective duties.   APCs must be certain that only authorized military and federal civilian personnel are issued Purchase Cards.   And, thirdly, the APC must ensure that the AO's and Cardholder's bank account profiles are appropriate for the local mission. This includes ensuring that the AO's span of control is within the required limits of no more than 7 card accounts per AO.

Please click the forward arrow to continue.

APC Responsibilities

The APC is responsible for the following program elements:

- Perform regularly scheduled maintenance

- Ensure appropriate actions for non-compliance

- Utilize reports to proactively monitor the program

5

November 2005

As a Purchase Card Program APC, you are also responsible for performing regularly scheduled maintenance, at least quarterly, to ensure that your account profiles are current and accurate. You should check that the frequency of use does not exceed the AO span of control limits. Seven accounts may be too much for one AO, if all the accounts are frequently used. If your reviews reveal non-compliance, misuse or abuse, your must ensure that appropriate actions are taken.

And finally, you are responsible for utilizing reports to proactively monitor your Program. Click the forward arrow to continue.

Agency Program Coordinator

- Responsible for overall program leadership

- Disseminates information from DON Consolidated Cards Program Management Division (CCPMD)

6

November 2005

As an Agency Program Coordinator, you are responsible for overall program leadership. You must exemplify the correct level of professionalism and accountability regarding Purchase Card business.

Also, the APC is the focal point for the dissemination of information from the Department of the Navy's Consolidated Cards Program Management Division.

Click the forward arrow to continue.
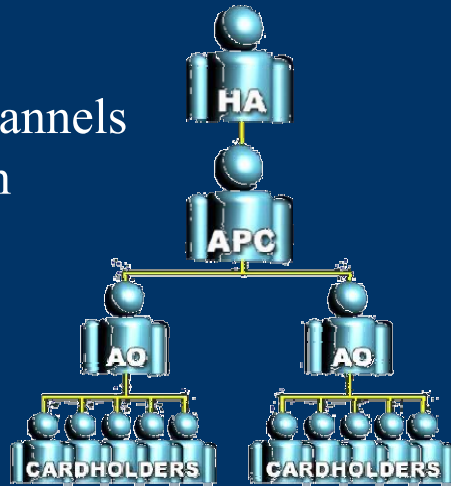
Part of the task of disseminating information throughout the program is to establish reliable channels of communication.   The APC needs to maintain accurate distribution lists to ensure all program participants receive important program announcements.

Finally, one of your most important APC responsibilities is to establish a position of zero tolerance on Purchase Card misuse, abuse, and fraud. The position you take on this issue sets the tone for the rest of the activity's program.

To help you fulfill all these responsibilities and to document your activity's procedures, you must develop an Internal Operating Procedure or IOP. Let's look at the basic content of a Purchase Card Program IOP; please click the forward arrow to continue.

Internal Operating Procedure
(IOP)

- Develop an Internal Operating Procedure (IOP) to manage/operate the Purchase Card Program

- Distribute IOP to all Purchase Card Program personnel

8
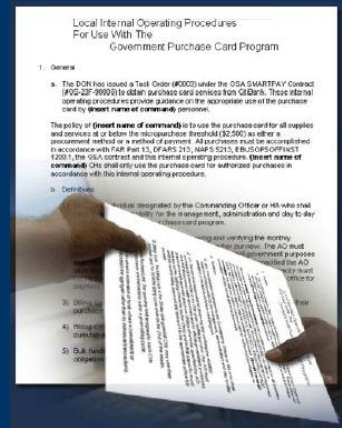
November 2005

As the APC, you must develop an IOP to manage and operate your Purchase Card Program. You are also responsible for distributing the IOP to all Program personnel. There are 10 major Program areas that require IOP guidance, we'll discuss the first 5 of these areas next. Click the forward arrow to continue.

Internal Operating Procedure
(IOP)
_____

- Purchase request process

- Screening/documentation requirements

- Solicitation/award process

- Receipt, inspection, and acceptance of supplies/services

- Local property management procedures

9

November 2005

Your Internal Operating Procedure should include guidance on the command's processes that affect your Purchase Card Program.   These include information about purchase requests, to include such things as obtaining funds and approvals, guidance on screening and documentation requirements for purchase transactions.   It should also discuss solicitation for purchase and award procedures, and how to handle receipt, inspection, and acceptance of supplies and services.   Local property management procedures should also be discussed.

Your IOP should detail all required steps in these processes so that all program participants can implement the correct procedures.

Please click the forward arrow now to review an additional five topics that should be discussed in the IOP.

Internal Operating Procedure
(IOP)

- Procedures to ensure fiscal year end obligation and expenditure

- Bank statement and invoice reconciliation, verification and certification process

- Record maintenance & retention requirements

- Restricted purchases

- Procedures to handle fraud, misuse or abuse

10

November 2005

Your IOP should include guidance on these additional five areas.   It should discuss any special processing requirements necessary to ensure appropriate year end fund obligations and expenditures.   Cardholder statement reconciliation and invoice certification procedures should be included, as well as, guidelines for the retention of Purchase Card records.   The IOP should provide guidance on restricted purchases, and finally, should include procedures for resolving suspected fraud, misuse, or abuse.

Click the forward arrow now to review a list of the ten required sections of the IOP.

Internal Operating Procedure
(IOP)

First Five Required IOP sections:

1. General

2. Establishing Local Accounts

3. Internal Processes

4. Restrictions on the Use of the Purchase Card

5. Unauthorized Uses of the Purchase Card

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November 2005

To cover the 10 major areas just discussed as well as other local policies and procedures, you are required to have at least, but are not limited to, ten specific sections in your IOP. The first five are: 1) "General" which outlines the task order, definitions, and office designations. 2) "Establishing Local Accounts" which states the appointed APC and details Cardholder account limits. 3) The "Internal Processes" section covering the previously mentioned major areas of guidance. 4) "Restrictions on the Use of the Purchase Card" which may refer personnel to the CCPMD instruction for details. And, 5) "Unauthorized Uses of the Purchase Card" which states specifically what is considered unauthorized and a explanation of Cardholder liability.

Click the forward arrow now to review the last five required sections of your IOP.

Internal Operating Procedure
(IOP)

Final Five Required IOP sections:

6. Lost or Stolen Cards

7. Separation of Cardholder

8. Billing Errors and Disputes

9. Card Security

10. Standards of Conduct/Ethics Training

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November 2005

The remaining five sections are: 6) "Lost or Stolen Cards". This section lists contact and notification information and procedures to follow if a charge card is lost or stolen. 7) "Separation of Cardholder" details both the Cardholder and APC responsibilities in the event a cardholder leaves the program. 8) "Billing Errors and Disputes" outlines the Cardholder's responsibilities in the event they discover a discrepancy on their monthly bank statement. 9) "Card Security" simply states the Cardholder's responsibility to ensure card security. And finally, 10) "Standards of Conduct and Ethics Training" which states the requirements and expectation placed on program participants regarding their behavior in the program.

There is additional guidance for the development of your IOP in the APC Desk Guide; it includes a complete sample IOP.

Click on the forward arrow to continue.

DON Purchase Card Certification Course

Review of Objectives

You should now be able to:

- State the delegated authority for overall program implementation and management (REVIEW)

- Identify the major responsibilities of a Purchase Card Program APC (REVIEW)

- State the 10 major program areas requiring guidance in the IOP (REVIEW)

- State the IOP's 10 sections (REVIEW)

13

November 2005

This concludes Part I of Lesson 2. Take a minute to review the objectives listed here.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to continue.

DON Purchase Card Certification Course
Lesson 2, Part I

APC Responsibilities
and
Authority

Agency Program Coordinator Course

14

November 2005

This complete Part 1 of Lesson 2, APC Responsibilities and Authority.   Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the main menu, click on Lesson 2, Part II to continue your training with a discussion of how to maintain Program integrity.

Click the "HOME" icon now.

DON Purchase Card Certification Course
Lesson 2, Part II

Program Integrity

Agency Program Coordinator

15

November 2005

In the first part of this lesson, we covered the APC Responsibilities and Authority within the Purchase Card Program.   Part II discusses how to maintain Program Integrity.

Click the forward arrow to view this lesson's objectives.

Lesson 2, Part II Learning Objectives

Upon successful completion of this lesson, you will be able to:

- Explain the purpose of Separation of Duties
- Explain the meaning of Separation of Functions
- Explain the Span of Control restrictions
- Explain the requirements for local reviews
- Outline the requirements for Semi-Annual Reviews

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November 2005

In this part of lesson 2 we will cover the objectives listed here. These objective represent several actions required to maintain the integrity of your program . The first topic discusses the minimum management controls that you must establish within your program.   Click the forward arrow now to continue.

Management Controls

To maintain program integrity, the APC must implement, at a minimum, these management controls:

- Separation of Duties

- Separation of Function

- Span of Control

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November 2005

You must establish internal management controls to operate and provide oversight of your Program. At a minimum, you must establish these three management controls: 1) separation of duties, 2) separation of function, and 3) span of control. Let's look at each of these now.

Click the forward arrow to continue.

Separation of Duties

APCs shall ensure:

- Roles and responsibilities are not in conflict

- Adequate checks and balances are in place

- APCs should not be AOs or Cardholders

> *Notice:* *If an APC must be an AO, an independent Command department must perform semi-annual reviews.*

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November 2005

You need to ensure that the roles and responsibilities of individuals within your Programs are not in conflict and that adequate Program checks and balances are in place.   This is referred to as "Separation of Duties"   For example, an APCs should not also be assigned the duties of an AO or be a Cardholder. In cases where commands have a limited number of personnel and an APC must be an AO, you must ensure that a command department, independent of the local Purchase Card Program office, performs the semi-annual reviews.

Click the forward arrow to continue.

AO & APC
Can Not be the same person

- Approving Official:
  - First defense against misuse, abuse & fraud
  - Ensures proper use through approval of purchases & certification of invoices

- *Audit Group*: Separation of Duties <u>is</u> necessary

- Effect 22 June 2004, AO cannot = APC

- Commands with limited staff must appoint someone outside activity as APC

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November 2005

The AO is the first line of defense against misuse, abuse and fraud. The AO is responsible for ensuring proper use of the purchase card through approval of purchases and the certification for payment of cardholders' monthly invoices.

Recommendations from audit groups, internal and external, show that proper separation of duties is not in place where the AO is the same person as the APC. Roles of individuals must not be in conflict to properly manage the local program.

Effective June 22nd, 2004, an AO can no longer be the same person as the APC. This includes alternate AO and APC positions as well. In cases where commands have a limited number of personnel to execute the Purchase Card program, the activity will need to appoint someone outside of the supply or contracting office to serve as the role of the APC.

Click the forward arrow for details on how to submit a waiver request for this requirement.

AO & APC
Can Not be the same person

- *Request for waiver must contain:*
    1. Activity name
    2. Activity hierarchy number (full string)
    3. Name of AO and APC
    4. Size of program
        - Average number of monthly transactions
        - Number of cardholders
        - Rating and date of last external audit
    5. Reason waiver is needed
    6. Length of time needed for waiver
- *Written request*
    - Must go through the Level 3 APC for endorsement
    - Level 3 APC will forward request to DON CCPMD
    - Written response from CCPMD to Level 3 APC

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November 2005

The request for a waiver must answer the six questions listed here. The written request must go through the Level 3 APC for endorsement. The Level 3 APC shall forward the endorsement to the DON CCPMD for review. Once reviewed by the DON CCPMD, a written response stating approval or denial will be sent back to the Level 3 APC.

Click the forward arrow to continue.

In addition, you need to make sure that AOs are not assigned as Cardholders. If personnel considerations require an AO to be a Cardholder, under NO circumstances will they be their own AO. AOs should be, to the greatest extent possible, the supervisor of the Cardholder, or be in the direct line of authority of the Cardholder.

Click the forward arrow to continue

Separation of Function

- One person makes purchase

- Another person receives, inspects and accepts the purchase

November 2005

To protect the integrity of the procurement process there must be, at a minimum, a two-way separation of functions for all Purchase Card transactions. This is defined as one person making a purchase and another person receiving, inspecting and accepting the purchase.

Click the forward arrow to continue

Separation of Function

If Cardholder picks up material…
- End user or designated receiving personnel signs receipt

If Cardholder is the end user…
- Cardholder may sign receipt
- Must obtain co-signature

23

November 2005

In cases where the Cardholder is picking up the material at the vendor's location, the end user or other designated receiving personnel shall sign for final receipt. In the event the Cardholder is the end user, the Cardholder may sign the contractor or store receipt, but must obtain the co-signature of another government employee within the command.

Click the forward arrow to continue
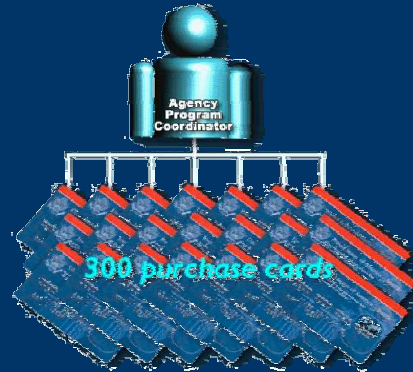
The workload of AOs and APCs must be managed to allow them to perform their duties properly. Consequently, the ratio of Purchase Card accounts to AOs should not exceed 7:1. In addition, you need to consider the number of transactions per Cardholder that an AO is required to review. Even 7 cardholder accounts could be too many to manage if the number of transactions is high.

The APC to card accounts ratio shall not exceed 1:300. These are the "Span of Control" parameters. To keep track of these types of Program metrics, you need to conduct periodic local reviews.

Click the forward arrow to continue.

Local Reviews

- Required local internal program reviews:
    - Monthly
    - Semi-annual

- Level 3 (Component Level) APCs ensure activity reviews are performed.

- Level 4/5 (Activity) APCs perform reviews.

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November 2005

The integrity of your Purchase Card Program partially depends on you and your designees performing the required local internal monthly and semi-annual reviews. These internal reviews focus on non-compliance issues, such as, fraud, misuse and abuse by AOs or Cardholders.   APCs at the Major Component, Level 3, must ensure that these activity reviews are performed. Level 4 and 5 APCs actually perform the reviews. Let's take a look at each of these reviews.

Click the forward arrow to continue

Monthly APC Reviews
(Performed by Activity Level APCs)

APC conducts monthly reviews, using CCRS reporting tools:

- Activities' transactions during the month

- All transactions made within the previous month

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November 2005

The CitiDirect system includes an ad hoc reporting tool called the Citibank Custom Reporting System or CCRS for short. Using CCRS, conduct APC level reviews of your activities' monthly transactions and review all the transactions made in the previous month.   This can be done by creating ad hoc reports to screen for purchases which are outside of acceptable limits.

Please click the forward arrow.

Monthly APC Reviews

(Performed by Activity Level APCs)

Monthly reviews must include the following:

- Suspicious vendors
- Split purchases
- Equitable distribution of business
- Exceeding micro-purchase threshold (except for OCONUS locations having $25,000 per transaction authority)
- Suspected fraudulent transactions

$3000 — $2000 + $1000

No Split Purchases !

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November 2005

CCRS allows you to screen for a variety of transaction properties.   For example, you could create a filter to look for suspicious vendors by screening the Merchant Category Codes.   You should include the following searches in your monthly reviews:

- Suspicious vendors
- Split purchases
- Equitable distribution of the business
- Transactions exceeding the micro-purchase threshold
- Suspected fraudulent transactions

Click the forward arrow to continue.

Semi-Annual Reviews

Semi-annual reviews include:

- Evaluation of local operating procedures & internal management controls

- Transactions reviews

- APC action summary

- Actions taken on deficiencies

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November 2005

The DON Consolidated Cards Program Management Division requires semi-annual reviews of all Purchase Card Programs. The reviews consist of evaluating local operating procedures, internal management controls and a detailed review of transactions.

You will create a Semi-Annual Review report in the appropriate format. You retain a copy of the report, provide one to your activity's Commanding Officer, and forward one to your Level 3 APC. The semi-annual review should be a summary of the monthly 100% transactional reviews you perform. In addition, the review requires certification that certain processes and procedures are in place and in accordance with regulations.

Please click the forward arrow to continue.

Semi-Annual Review Checklist

- Internal Operating Procedures
- Training Requirement Compliance
- Delegations of Authority
- Purchase Request Process
- Micro-purchase Procedure Compliance
- Receipt, Inspection, and Acceptance
- Invoice Certification
- Prompt Payment Procedures
- Internal Disputes Resolution
- Letters of Agreement Review
- Convenience Check Program Review
- Activity's CCRS Use
- Sampling of AO and Cardholder Files.

from the …
APC Purchase Card Program Desk Guide

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November 2005

The *Local Operating Procedure and Internal Management Checklist* provides guidance for conducting your semi-annual reviews. A copy of the checklist is included in the APC Purchase Card Program Desk Guide. The checklist includes instructions and goals for the review of the major topics listed here.

Read over this list of topics and when you're ready, click the forward arrow to review an additional quarterly reporting requirement from the Office of Management and Budget.

OMB Quarterly Report

Office of Management and Budget
The Executive Office of the President

October 15, 2002 M-03-02
MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM:
Mitchell E. Daniels, Jr.
Director

SUBJECT:
Increased Oversight for Government Purchase and Travel Cards
Nearly six months ago, Office of Management and Budget (OMB) Memorandum 02-05 requested agencies to effectively combat the increasing fraud and abuse related to the use of government-issued purchase and travel cards.

You are requested to **_provide a quarterly report_** addressing your agency's purchase and travel card programs.

30
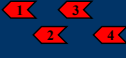
November 2005

On October 15, 2002 the Office of Management and Budget released a memorandum with the following subject line:

Quarterly PCAN Reminder
from CCPMD

- Interactive Form
- Complete Four Fields
- Consolidated @ Component Level
- Forward to DON CCPMD

The Director of the Office of Management and Budget (OMB) issued a memorandum on October 15, 2002 (M-03-02) requesting quarterly agency reports on the purchase card program. This is the required format for reporting, due **October 12, 2004**.

Please complete this form and return to the DON eBusiness Operations Office at purchase_card@navsup.navy.mil no later than October 12, 2004. **Each claimancy should consolidate their data and return one report to our office.** We will then consolidate claimancy data into one DON report for OMB. POC is Wendy Stutzman at COM 717-605-9394, DSN 430.

Move through fields by using your 'TAB' key.
Agency Name:
Contact information:

Note: All data should reflect only the activity of the 3rd quarter FY04.

1. **Spending Limits:**
   a. Number of Cardholders with spending limits greater than $2,500 with contracting officer warrants, in accordance with FAR 1.603
   b. Number of cardholders with spending limits greater than $2,500 with delegations other than contracting officer warrants

Amounts are based on the Delegation letter or the Warrant, not what is set up in the CH profile in CitiDirect.

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November 2005

The Consolidated Card Program Management Division (CCPMD) releases a quarterly reminder of this reporting requirement. The Purchase Card Administrative Notice includes a simple to use, interactive form on which to collect the required data. Each major component collects and consolidates the data from the lower levels of the hierarchy. Once the data is consolidated, the component Level 3 APC forwards the data to CCPMD for further consolidation. CCPMD consolidates the data and forwards the DON report to the OMB.

Click the forward arrow now to review this lesson's objectives.

DON Purchase Card Certification Course
Review of Objectives

You should now be able to:

- Explain the purpose of Separation of Duties (REVIEW)

- Explain the meaning of Separation of Functions
  (REVIEW)

- Explain the Span of Control restrictions (REVIEW)

- Explain the requirements for local reviews (REVIEW)

- Outline the requirements for Semi-Annual Reviews
  (REVIEW)

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November 2005

This concludes part II of Lesson 2.   Take a minute to review this lesson's objectives.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to continue.

DON Purchase Card Certification Course
Lesson 2, Part II

Program Integrity

Agency Program Coordinator

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November 2005

Congratulations! You have completed Lesson 2.   The next lesson will show you how to establish Purchase Card accounts.   Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the main menu, click on Lesson 3, Part I, to continue your Purchase Card APC training.

DON Purchase Card Certification Course
Lesson 3, Part I

Establishing and Maintaining Accounts

Agency Program Coordinator

1

November 2005

The proceeding lessons introduced you to the Purchase Card Program, and discussed your responsibilities as an APC. This lesson outlines requirement for establishing and maintaining Purchase Card accounts.   Let's look at this lesson's objectives.

DON Purchase Card Certification Course

Lesson 3, Part I Learning Objectives

Upon successful completion of this lesson, you will be able to:

- Identify documentation and action required prior to account setup

- State requirements for proper delegation of authority to AOs and Cardholders

- Identify the limits and restrictions enumerated in the delegation documents

2

November 2005

This lesson will cover the three objectives listed here   When you finish this course, you will be tested on these objectives and the objectives of the other lessons.   When you are finished reading these objectives, click the forward arrow to continue.

Account Setup

- CO/Supervisor Letter Requesting Appointment

- Documented Completion of Training

- Letter of Delegation or SF 1402

- Established Account Limits

- No Span of Control Issues
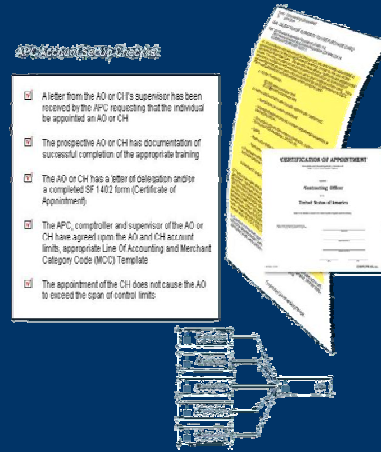
3   November 2005

One of your responsibilities as an APC is to ensure that accounts are set up properly. Prior to setting up AO or Cardholder accounts, you should verify that the following documentation and actions have been accomplished.

First, you must have received a letter from the candidate's Commanding Officer or Supervisor requesting that the individual be appointed an AO or Cardholder.   Second, the prospective candidate must have documentation of their successful completion of the mandatory Purchase Card training. Third, you must have a Letter of Delegation or a completed SF 1402 Form.   Fourth, the candidate's APC, comptroller and Commanding Officer or Supervisor must have agreed upon the financial aspects of the account. This includes account limits, appropriate Line Of Accounting and the Merchant Category Code Template. And, finally, you must insure that the Cardholder's appointment does not cause the AO to exceed the span of control limits.

All of these requirements must be met before establishing a new account.   There are, however, times when you may not need to establish a new cardholder accounts. Click the forward arrow to see how to change AOs without deleting or creating new cardholder accounts.

Changing Approving Officials

- AO change NOT affecting the AO hierarchy
  - NOT necessary to close CH accounts & establish new CH accounts

- AO hierarchy change requires:
  - Close existing CH accounts
  - Establish new CH accounts under new AO hierarchy

4

November 2005

Some APCs and AOs unnecessarily creating new cardholder accounts when an AO is leaving, changing, etc. and another AO is taking over. The AO account can be changed without having to create new cardholder accounts.

When changing AO profile information which does not affect the AO hierarchy, it is not necessary to close cardholder accounts under the existing AO and establish new cardholder accounts under the new AO. Only when the AO hierarchy changes is it necessary to close existing cardholder accounts and then create new cardholder accounts under the new AO hierarchy.

Click the forward arrow now and we'll review two examples.

Changing Approving Officials

- *Example 1:   Same Hierarchy*

  – Jane Doe & John Smith in same activity
  – Jane retires, John takes over as AO
  – Since John is in same hierarchy, no need to close CH accounts

- *Example 2:   Different Hierarchies*

  – Jane Doe is an AO w/ 5 CH accounts
  – Jane's activity want to add 3 CHs
  – New AO, John Smith, is appointed and one of Jane's CHs is moved to John's purview to have CHs distributed equitably
  – *CH moving from Jane to John's hierarchy must have existing account closed and new one established under John's hierarchy*

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November 2005

Consider these two examples involving AO changes.

Example #1: Same Hierarchy.   In this example, the AO is being replaced but there is no need to change cardholder account information.   Let's say that Jane Doe and John Smith work for the same activity. Jane, an AO, is retiring and John is going to assume Jane's AO responsibilities. Because John is within the same hierarchy as Jane, there is no need for anyone to close Jane's cardholder accounts and create new accounts under John.   Jane's AO account can simply be updated with John's information.

Example #2: Different Hierarchies.

Jane Doe, an AO, has 5 cardholder accounts. Jane's activity wants to add 3 more cardholder accounts. Since eight cardholders exceeds the 7:1ratio Span of Control rule, an additional AO, John Smith, is appointed. In order to distribute accounts equitably, one of Jane's cardholders will be moved to John's purview in addition to John receiving the 3 new cardholder accounts. For the cardholder account moving from Jane to John, Jane needs to close the account and John needs to create a new account under his hierarchy.

Click the forward arrow to continue.

Hierarchy Moves
(Moving Accounts from Hierarchy to Hierarchy)
_____

- Not Permitted Online Using Citidirect

- SHALL Be Submitted Through Level-3 APC

- More Than One Claimant Involved?
  – Both Lvl 3 APC Signatures Required

- Hierarchy Moves Are Not Encouraged

- ***Recommendation:*** Close Accounts and Then Re-opened Under the New Hierarchy

6

November 2005

Hierarchy moves are no longer permitted online using CitiDirect. All hierarchy moves **SHALL** be submitted through your Level 3 APC before sending the request to Citibank. If the requested hierarchy move involves more than one major component, **BOTH** level 3 APC signatures are required on the request form prior to submittal to the bank for processing. Citibank will not process moves without the proper paperwork on file with a level 3 APC signature.

In general, hierarchy moves are not encouraged. It is recommended that accounts are closed and then re-opened under the new hierarchy. This allows visibility of the account history.

Click the forward arrow for information regarding hierarchy moves.

Hierarchy Moves
Across Head of Contracting Authority

In addition:

- Requires New Delegations of Contracting Authority From the New HCA

- *MUST* Be Reported to Your Head of Contracting Authority

- Gives HCA and Audit Groups Visibility into the Moves

7

November 2005

There are additional requirements if an account is being moved across Head of Contracting Authorities.   All moves across Head of Contracting Authority lines require new delegations of contracting authority from the new HCA prior to the move. NAVSUP will provide further guidance to components under their purview.

Hierarchy moves must be reported to your Head of Contracting Authority to notify them of the change. This allows your HCA and audit groups visibility of the moves within the purchase card program and ensures new hierarchies have the proper contracting authority in place at all times.

There are two basic methods for moving accounts. Click the forward arrow to review these methods.

APC's Role as
POC for Citibank

APC is the primary Point of Contact:

- Handles the setup process
- Maintains activity's information
- Communications between the Bank and the activity
- Establishes new accounts
- Suspends/deletes accounts

8

November 2005

As the program's primary POC for the bank, the APC handles most communication with the bank. Read over these five communications related responsibilities and then click the forward arrow to review the account setup process in more detail.

Account Setup

Online:

Cardholder account applications may be completed and submitted electronically using CitiDirect's Card Management System at: http://www.cards.citidirect.com

Hardcopy:

CitiDirect forms located at: http://www.navsup.navy.mil/ccpmd

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November 2005

Once all the preliminary requirements have been met, the APC can proceed and create the new account. Cardholder account applications may be completed online and submitted electronically using CitiDirect's Card Management System.

In addition, an account can be setup by submitting a hardcopy Account Setup Form to the CitiDirect Help Desk.   The CitiDirect system forms are available from the CCPMD Purchase Card webpage under the Bank Guidance tab.

To setup an account online, you first need to have access to the CitiDirect system.   Click the forward arrow now to see how to gain access to CitiDirect.

Processing Purchase Card
Account Applications

Gaining access to CitiDirect

First, you must complete the following:

- ✓ Mandatory Purchase Card training
- ✓ CitiDirect account setup form (by next higher level APC)

Once these conditions are met, you are notified by a Customer Account Service Representative (CASREP) that your account is ready for use.

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November 2005

Citibank offers access to their electronic system, CitiDirect, that will help you perform your administrative duties as an APC.   Prior to gaining access to this system, you must complete mandatory purchase card training and your APC must complete your CitiDirect account setup form.

Once these conditions are met, you are notified by a Citibank customer service representative, via telephone or email, that your account is ready for use. At this point in time, you will need to receive training on how to use the CitiDirect system.   Click the forward arrow to see the training options which are available.

Processing Purchase Card
Account Applications

- Once you obtain CitiDirect access, go to the website (www.cards.citidirect.com) and review the following training tutorials:

  – APC

  – Approving Official

  – Cardholder

- CitiDirect also offers an online Help feature ideal for scoping system information on specific subjects.

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November 2005

Once you can access CitiDirect, go to the website at the address shown here and review the APC Department of the Navy training tutorial. This tutorial guides you through various CitiDirect features that you will use as an APC.

In addition to the APC tutorial just mentioned, there are AO and Cardholder tutorials for the use of CitiDirect.   Since APCs are responsible for supporting the AOs and Cardholders under your purview, it is highly encouraged that you also review both the AO and Cardholder tutorials. This will help you understand how CitiDirect functions for other program participants.

In addition to these tutorials, there is an online CitiDirect Help feature which provides information on specific subjects with which you may need assistance.

Click the forward arrow to continue.

Gaining access to CitiDirect is one aspect of account setup; properly delegating authority to the cardholder before establishing an account is equally as important. This delegation of authority must be formally documented.

A Letter of Delegation is used to delegate micro-purchase authority, to use a purchase card as a method of payment for purchases under $2,500. In addition, the Certificate of Appointment, form SF1402, must be used to delegate Cardholders outside the Continental United States with the authority to use the card as a method of payment.   Also, the SF1402 must be used to delegate authority for issuing verbal orders above the micro-purchase threshold, or to delegate the contingency contracting officer's authority to use the Purchase Card up to the simplified acquisition threshold, $100,000.

Click the forward arrow to continue.

Here is a sample Letter of Delegation. The APC and the Commanding Officer should use this letter to delegate contracting or Purchase Card authority to Cardholders. Each Letter of Delegation specifies the following four details of the account being established. First, the letter must specify the "Single purchase limit" when used for open market and government sources of supply purchases.   Second, the letter must state the "Billing cycle purchase limit".   Third, the allowable "Transaction types" must be listed, for example, over-the-counter, over-the-phone, over the Internet.   And, fourth, the limits, if any, on this account's use as a method of payment must be clearly stated.

A sample Letter of Delegation is included in the APC Purchase Card Desk Guide; the Standard Form 1402 is available for download at the website listed here.

Click the forward arrow to review this lesson's objectives.

DON Purchase Card Certification Course

Review of Objectives

You should now be able to:

- Identify documentation and action required prior to account setup
  (REVIEW)

- State requirements for proper delegation of authority to AOs and Cardholders
  (REVIEW)

- Identify the limits and restrictions enumerated in the delegation documents
  (REVIEW)

14

November 2005

Take a minute to review this lesson's objectives.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to continue..

DON Purchase Card Certification Course
Lesson 3, Part I

Establishing and Maintaining Accounts

Agency Program Coordinator

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November 2005

This ends Part I of Lesson 3.   Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the Main Menu.   At the Main Menu, click on Lesson 3, Part II to continue your training.

DON Purchase Card Certification Course
Lesson 3, Part II

Reports, Training
and
Account Maintenance

Agency Program Coordinator

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November 2005

This is the APC Certification Course, Lesson 3, Part II. Click the forward arrow to review the lessons objectives.

DON Purchase Card Certification Course

Lesson 3, Part II Learning Objectives

Upon successful completion of this lesson, you will be able to:

- State requirements for monthly transaction reviews
- List the five transaction screening characteristics
- State the requirements for initial and refresher Purchase Card Program training participants
- State the Annual Ethics training requirement
- State the APC requirements for account maintenance
- Use CitiDirect's Navy Purchase Card Maintenance Form to close PC account

17

November 2005

In this lesson, we will state the requirements for monthly transaction reviews and list the five transaction screening characteristics; we will state the requirements for initial, refresher, and annual ethics training; and review the APC requirements for account maintenance. Account maintenance includes the use of the CitiDirect Purchase Card Maintenance Form to close accounts.

Before continuing, read over the training objectives listed here. When you finish this course, you will be tested on these objectives and the objectives of the other lessons. When you are confident that you understand these objectives, click the forward arrow.

Establishing Reports

The APC:

- Establishes an informal internal review process

- Uses CCRS ad hoc reporting to conduct monthly transactional reviews

18

November 2005

There are several formal periodic reviews that the APC and other program participants conduct. For example, the DON CCPMD coordinates the Semi-Annual Reviews which are completed by the APCs. More about Semi-Annual reviews later.

In addition to these formal reviews, you should establish an informal internal review process and use informal reporting to conduct monthly transactional reviews. The CitiDirect CCRS ad hoc reporting system is one of your main tools for conducting these reviews. Using this tool, you can execute a 100% review of your purchase card transactions by creating filters for certain types of problem indicators.

Click the forward arrow and we will review five such indicators.

Establishing Reports

Reviews target the following elements:

- Suspicious vendors

- Split purchases

- Equitable distribution of business

- Exceeding the micro-purchase threshold
    (except for OCONUS locations having $25,000 per transaction authority)

- Suspected fraudulent transactions

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November 2005

Your informal reviews using CCRS allows you to screen all of the transactions made within the previous month for particular characteristics. In conducting your reviews, you should be especially watchful for 1) Suspicious vendors, 2) Split purchases, 3) Equitable distribution of business, 4) Exceeding the micro-purchase threshold and 5) Suspected fraudulent transactions.

These types of transactions can be filtered out by selecting the proper characteristic of the transaction, for example, the Merchant Category Code to review for suspicious vendors.

Click the forward arrow to review the mandatory training requirements.

Mandatory Training

APCs, AOs and Cardholders must complete the following training prior to appointment:

- DON Consolidated Card Program Management Division Training

- Defense Acquisition University Continuous Learning Center Government Purchase Card Tutorial

www.navsup.navy.mil/ccpmd

Check www.navsup.navy.mil/ccpmd for updates regarding training requirements.

20

November 2005

All new participants in the Purchase Card Program are required to complete initial mandatory training. In addition there is required refresher training every two years. And, as we will see in the next slide, some participants are required to complete annual ethics training.

APCs, AOs and Cardholders must complete the appropriate DON CCPMD course and the DoD-mandated *Government Purchase Card Tutorial* from the Defense Acquisition University Continuous Learning Center. Check the DON CCPMD website for updates regarding these training requirements.

Click the forward arrow to continue.

Cardholder Training

Cardholders delegated authority to use Purchase Card via SF 1402 must complete CON 237, *Simplified Acquisition Procedures*.

21

November 2005

Any Individual who will be or has been delegated use of the purchase card via Standard Form 1402, the Certificate of Appointment, is required to complete the *Simplified Acquisition Procedures* course, CON 237, which is available on-line through the DAU website.   A Certificate of Completion is required.

Individuals are exempt from this training if they can provide documentation to their Agency Program Coordinator that they have successfully completed either CON 101, Contracting Fundamentals, or, CON 202, Intermediate Contracting since 1997.

Click the forward arrow now to review the ethics training requirements.

Maintaining Training Files

APC ensures:

- Training is properly documented

- Training certificates are maintained
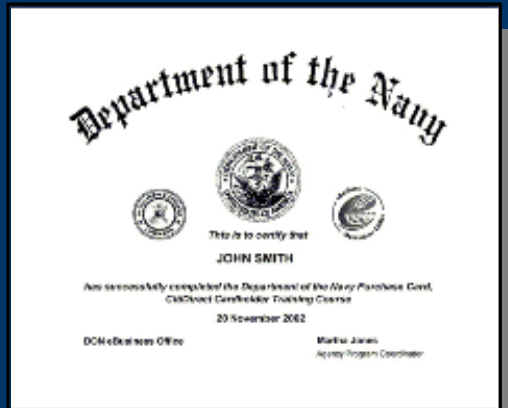
22

November 2005

The APC is responsible for ensuring that all AOs and Cardholders have received the required training, in accordance with current policies and procedures. It is important to maintain documented records, substantiating that training requirements have been met. You must ensure that the training is properly documented and the training certificates are maintained, in hardcopy, on file.

Click the forward arrow to continue.

Ethics Training

Annual ethics training requirements for all Government employees are found in the following regulations:

- ***Joint Ethics Regulations, DOD 5500-7R***

  as well as

- ***Code of Federal Regulations***
  Title 5, Subpart G, Section 2638.705   (5 CFR 2638.705)

23   November 2005

Annual ethics training requirements for all Government employees are found in the Joint Ethics Regulations, DOD 5500-7R, as well as in the Code of Federal Regulations, Title 5, Subpart G, Section 2638.705.

Click the forward arrow to see the specific ethics training requirements for Purchase Card Program participants.

Cardholders who make purchases in excess of $100,000 per fiscal year must complete Form OGE 450 and, therefore, are required to take local annual ethics training. AOs who certify in excess of $100,000 of purchases per fiscal year must also complete Form OGE 450 and take local annual ethics training.

Cardholders and AOs who do not exceed these respective $100,000 annual thresholds may still be required to complete Form OGE 450 and take annual ethics training if required by their supervisor. If, in the supervisor's judgment, the cardholder or AO has duties involving the exercise of significant independent judgment over matters that will have a substantial impact on the integrity of DON operations, the supervisor can require annual ethics training.   This also applies to situations of substantial impact on relationships with non-Federal entities or to avoid actual or apparent conflicts of interest.

All ethics questions, including those pertaining to training, should be directed to the Department of the Navy Office of General Counsel. Please click the forward arrow to continue.

NAF Purchase Card
Training Policy Change

- DoD Government PC Tutorial training remains mandatory for all *__appropriated fund__* activities

- NAF activities, however, may choose between two DoD training sources :

  OR
  - DoD Government PC Tutorial, available at www.dau.mil
  - GSA SmartPay Training, available at www.gsa.gov

- DON CCPMD NAF specific, Purchase Card Training *__must also__* be taken

- Program participants must maintain copies of their Certificates of Completion for:
  - Initial and/or refresher training
  - DoD and DON requirements

25

November 2005

Previously, DoD designated the Defense Acquisition University's DoD Government Purchase Card Tutorial as **mandatory** training for all Purchase Card Program participants. This applied to both appropriated and non-appropriated fund activities.

This training requirement remains in effect for all appropriated fund activities. However, in a 8 July 2004 memo from the Office of the Under Secretary of Defense, Non-Appropriated Fund activities were given the option to choose between two training sources to satisfy this DoD training requirement. The sources are:

1.   DoD Purchase Card Tutorial, available at the DAU website listed here;
 OR
2.   GSA SmartPay Training, available at GSA website.

This mandatory DoD training **is in addition to** the Department of the Navy CCPMD NAF specific, Purchase Card Training.   This CCPMD course is available on the DON CCPMD website under the Purchase Card Training tab.

The DON Purchase Card Program standard operating procedure still requires all program participants to maintain copies of their certificates of completion from all mandatory training, both DoD and DON.   Click the forward arrow to continue.

Account Reinstatement
after Lapse of Training
———————

- All AOs and CHs Must Complete Required Training – *Initial & Refresher*
  - APC Is Responsible for Ensuring
  - DoD and DON Policy and Procedures.
  - Training Certificates Maintained on File

- Non-compliant CHs or AOs Shall Have Accounts Immediately Suspended
  - Exception for Those Who Are Deployed

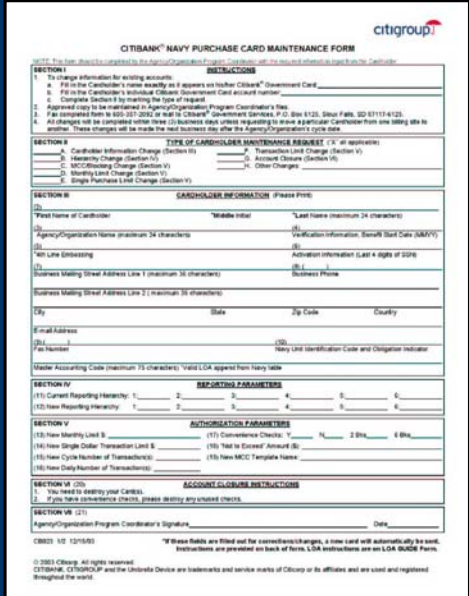- AO or CH Account Reinstated by the APC Who Originally Suspended or a Higher Level APC

26

November 2005

You have now seen the training requirements for participation in the Purchase Card Program. It is the APC's responsible to ensure that all AOs and CHs have received this required training and that documented records are maintained that substantiate that these training requirements have been met. The APC must ensure that the training certificates are maintained on file.

Any cardholder or AO who has not completed the required basic or biennial refresher training shall have their accounts immediately suspended. The only exception to this policy is for those who are deployed. Once the suspended Cardholder or Authorizing Official has completed the required training, the suspended account may be reinstated by the APC who originally suspended the account or by a higher level APC.

Click the forward arrow to continue.

Navy
Purchase Card
Maintenance Form

27

November 2005

Closing unused accounts is an important APC function which will reduce the opportunity for fraudulent use of those accounts. Although it is the responsibility of the AO and Cardholder to notify the APC of their pending departure, the APC must take an active role and remain vigilant to ensure account integrity. An APC can close a Purchase Card account using the Navy Purchase Card Maintenance Form shown here.

This form and others are available from the CCPMD Purchase Card website listed under Bank Guidance, Forms. To close an account, follow the instructions listed on the form and mark account closure in Section 2 of the form.

Click the forward arrow for guidance on submitting the completed form.

Navy Purchase Card
Maintenance Form
————————

The APC shall:

- Retain an approved copy

- Fax or mail to Citibank Government Services

- Account closures take three days to process
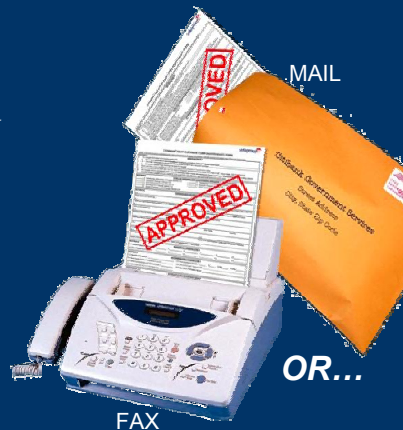
28

November 2005

Once you have completed the Purchase Card Maintenance Form, you should make a copy of the approved form to retain for your official APC files. Then fax or mail the completed form to Citibank Government Services. Account closures take 3 days to process.

Click the forward arrow now to review this lesson's objectives.

DON Purchase Card Certification Course

Review of Objectives

You should now be able to:

- State requirements for monthly transaction reviews (REVIEW)
- List the five transaction screening characteristics (REVIEW)
- State the requirements for initial and refresher Purchase Card Program training participants (REVIEW)
- State the Annual Ethics training requirement (REVIEW)
- State the APC requirements for account maintenance (REVIEW)
- Use CitiDirect's Navy Purchase Card Maintenance Form to close PC account (REVIEW)

29

November 2005

This concludes Lesson 3 of the Purchase Card APC Certification course. Take a minute to review this lesson's objectives. If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic. When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to continue.

DON Purchase Card Certification Course
Lesson 3, Part II

Reports, Training
and
Account Maintenance

Agency Program Coordinator

30

November 2005

Congratulations! You have completed Lesson 3.   Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the Main Menu, click on Lesson 4 to continue your training.

DON Purchase Card Certification Course
Lesson 4

Liaison *and* Oversight Functions

Agency Program Coordinator

1   November 2005

This is Lesson 4 which discusses the APC's responsibilities for program oversight and liaison functions with other program participants.

Click the forward arrow to review the lesson's objectives.

DON Purchase Card Certification Course

Lesson 4, Part II Learning Objectives

Upon successful completion of this lesson, you will be able to:

- State the requirements for coordination and joint planning with the activity's FM
- State the briefing and conference attendance requirements
- State the APCs role in Purchase Card accounts suspension for misuse, abuse or fraud
- Use the Navy Purchase Card Maintenance Form to suspend or revoke an account
- State the requirements for maintaining a current list of AOs and Cardholders
- State the CitiDirect system reporting tools available to list program participants

2　　　　　　　　　　November 2005

Before proceeding, read over the training objectives listed here.   When you finish this course, you will be tested on these objectives and the objectives of the other lessons. When you are confident that you understand these objectives, click the forward arrow to continue.

Coordinating with the
Financial Manager

APC coordinates with Financial Manager to ensure:

- Certified funding document exists
- Purchase Card accounts have a valid Line of Accounting associated
- Bulk or Transactional funding is assigned

3   November 2005

When an activity implements its Purchase Card Program, there are many things that must be coordinated. As the APC, you are responsible for ensuring that all financial details are coordinated with the activity's Financial Manager at the time the CitiDirect accounts are created. Prior to establishing Purchase Card accounts you need to confirm with the FM that a certified funding document exists. Each Purchase Card account established in the system must have a valid Line Of Accounting associated with it. Also, the type of funding, bulk or transactional, must be assigned.

The APC is responsible for ensuring that all these financial aspects of the Purchase Card program are properly coordinated.

Please click the forward arrow to continue.

Information Exchange

Expect *frequent* requests from HA for briefings on the health of the Purchase Card Program.

November 2005

In addition to program coordination with your Financial Manager, as the APC, you should expect frequent requests from your Head of Activity for briefings on the health of the program. It is important for you to efficiently monitor and manage your Program so you can always be prepared on short notice to provide such briefings.

You will also participate in other forms of information exchange. Click the forward arrow now learn about program conferences and periodic notices.

Information Exchange

- The DON CCPMD presents annual conferences. All appropriate level APCs need to attend.

- Also, review Purchase Card Periodic Notices (PCPN) & Purchase Card Administrative Notices (PCAN) information at:

  www.navsup.navy.mil/ccpmd

5   November 2005

In addition to providing briefs, you are also required to attend conferences. The DON CCPMD office hosts an annual APC conference. All APCs need to attend these conferences to ensure they have the latest information and direction to effectively manage their program.

Conferences are one source of program updates. The CCPMD office also issues policy and administrative updates on an as needed basis using emails and the website Subscription service. Purchase Card Policy Notices, or PCPNs, are issued when a change to policy is required. Administrative issues are announced using Purchase Card Administrative Notices, or simply PCANs. As an APC, it's important that you check these notices and communicate their information to your purchase card participants.

Now we will discuss misuse, abuse and fraudulent use of the purchase card and how an APC can suspend or close accounts as needed. Please click the forward arrow to continue.

Role of the APC in Preventing
Misuse, Abuse and Fraud

In cases of fraud, misuse and abuse, the APC:

- Commanding Officers Establish Local Policies and Procedures for Disciplinary Actions

- Apcs Are Responsible for Closing or Suspending the Offending Cardholder's Accounts

6   November 2005

Fraud, misuse and abuse of purchase card accounts is, unfortunately, a reality that requires the attention of the APC. Commanding Officers managing and operating local Purchase Card Programs are responsible for establishing   .
In most cases of fraud, misuse or abuse of the Purchase Card, it will be the APC's responsibility to close or suspend the offending Cardholder's accounts. The APC has the necessary authority in CitiDirect to shutdown compromised accounts.

Click the forward arrow now to review the process for closing an account.

The APC can close a Purchase Card account using the Navy Purchase Card Maintenance Form. Follow the instructions listed on the form, in particular, mark "Account Closure" in Section II. Retain an approved copy of this form in your official files, and fax or mail the completed form to Citibank Government Services. All closures will be completed within 3 business days of Citibank's receipt of this form.

It may not be necessary to close the account but rather only to suspend it.   Click the forward arrow to see how to suspend an account so it can be re-instated at the appropriate time.

Suspending an Account

Navy Purchase Card Maintenance Form

Select Change Type

Set Limits to $1.00

8   November 2005

As an alternative to closing an account, you can effectively suspend it by setting the purchase limits to $1 until you need to reactivate the account. This can also be accomplished using the Navy Purchase Card Maintenance Form. Follow the instructions on the form and mark "Monthly Limit Change" and/or "Single Purchase Limit Change" in Section II.   Then indicate the new limits in Section IV; make the new limit $1.00 if your goal is to suspend the account.

Click the forward arrow now to review some of the APC's record keeping requirements.

Purchase Card Program Participants
Required Files

APC will:

- Establish an individual file for each AO/Cardholder

- Retain the file for the duration of services, plus 3 years

DURATION OF SERVICE + 3 YEARS

9   November 2005

The APC must maintain accurate records on each program participant. The APC shall establish an individual file for each AO and Cardholder in the program. The file shall be retained for the duration the employee serves in this capacity, plus 3 years beyond. Click the forward arrow now to review the minimum required content of these personnel files.

Purchase Card Program Participants
Required Files

APC files for each account must contain:

1. Written request from Commanding Officer or Supervisor

2. Initial and refresher training documentation

3. Initial and subsequent Letters of Delegation

4. Account setup form

10 November 2005

The APC must maintain accurate files on all Program participants.   Once AO and Cardholder accounts are established, the APC needs to maintain the following elements for each account: 1) The written request from their Commanding Officer or Supervisors that they be program participants, 2) documentation of their Initial and refresher training, 3) the initial and subsequent Letters of Delegation to the program and, 4) a copy of the Account Setup Form.

Click the forward arrow for an overview of CitiDirect reports available to manage your accounts.

CitiDirect has 2 reporting tools that can help you manage your participant's accounts. The CitiDirect system has standard preformatted reports which you can print, listing all the accounts under your jurisdiction.   You can use this as a master list of your accounts.

You can also use the bank's ad hoc reporting tool, called the Citibank Customer Reporting System, CCRS, to list Program participants. You can create custom reports using special sort sequences, custom information columns, and so on.   For example, your can list all accounts sequenced by "Single Purchase Limit" to see if any adjustments are appropriate.

Bottom line, you must maintain an accurate record of all your accounts using whatever method you prefer.

Please click the forward arrow now and we'll review this lesson's objectives.

DON Purchase Card Certification Course

Review of Objectives

You should now be able to:

- State the requirements for coordination and joint planning with the activity's FM (REVIEW)
(REVIEW)
- State the briefing and conference attendance requirements
- State the APCs role in Purchase Card accounts suspension for misuse, abuse or fraud (REVIEW)
- Use the Navy Purchase Card Maintenance Form to suspend or revoke an account (REVIEW)
- State the requirements for maintaining a current list of AOs and Cardholders (REVIEW)
- State the CitiDirect system reporting tools available to list program participants (REVIEW)

12   November 2005

This concludes Lesson 4 of the Purchase Card APC Certification course.   Take a minute to review this lesson's objectives.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to proceed.

DON Purchase Card Certification Course
Lesson 4

Liaison *and* Oversight Functions

Agency Program Coordinator

13   November 2005

Congratulations, you have completed Lesson 4, the final lesson of your Purchase Card APC Certification Course.   Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the main menu, click on the Certification Test link to take your test and print your certificate of completion.